

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 3, 2018/2019

### **PAT0074 – INTRODUCTION TO FINANCIAL ACCOUNTING** (Foundation in Business)

28 MAY 2019  
9.00 a.m – 11.00 a.m  
(2 Hours)

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#### INSTRUCTIONS TO STUDENT

1. This question paper consists of **FIVE** pages with **FOUR** questions only.
2. Answer **ALL** questions.
3. Write your answers in the Answer Booklet.

**STRUCTURED [100 MARKS]**

**Instructions:** Answer ALL questions. Write your answers in the Answer Booklet.

**QUESTION 1****Part A**

The following information was accumulated at the end of last accounting period. The information was used to prepare the adjusting entries. They are:

- a) Audit fees owed but not yet paid.
- b) Insurance owed but payable in the following month.
- c) Fees earned but not yet received.
- d) Subscription received in advanced.
- e) Interest owed but not yet paid.
- f) Rental received in advance.
- g) Commission earned but not yet received.

**REQUIRED**

Classify the items above, as (i) prepaid expense, (ii) unearned revenue, (iii) accrued expense, or (iv) accrued revenue. (7 marks)

**Part B**

Gemilang Berhad bought two equipments for RM20,000 and RM15,000 by cheque on 1 January 2017 and 1 January 2018 respectively. The company depreciates its equipment at the rate of 20% per annum, straight line method, for each month of ownership. The company sold the equipment which had been bought on 1 January 2017 for the sum of RM9,000 by cheque on 31 December 2018. The financial year end of the company being 31 December.

**REQUIRED**

Prepare the following accounts for 2017 and 2018:

- a) Equipment account (7 marks)
- b) Accumulated provision for depreciation of equipment account (7 marks)
- c) Disposal of equipment account (4 marks)

**(Total 25 marks)**

**Continued...**

**QUESTION 2****Part A**

- i. Below are the terms used in profit-oriented organization:

<u>Profit-oriented organization</u>	<u>Non-profit-oriented organization</u>
a) Net profit	
b) Net loss	
c) Cash book	
d) Income Statement	

**REQUIRED**

For each of the above (a)-(d), give the terms used in non-profit-oriented organization.  
(4 marks)

- ii. Below are the transactions occurred in Love Kitchen Club for the year ended 31 December 2018.

	<b>RM</b>
Total subscriptions for the year ended 31 December 2018	3,000
Donation received	1,300
Purchase of equipment	350
Profits on sales of recipe books	2,100
Travelling and field trips expenses	1,500
Cooking class expenses	400
Annual General Meeting expenses	700
General expenses	220

**REQUIRED**

Prepare an Income and Expenditure Account for the year ending 31 December 2018.  
(8 marks)

**Continued...**

**Part B**

Aman and Amin are partners of Wow Taste Enterprise that sells fruit juice. They share any profit and losses equally. The following is the balance of capital and current account as at 31 December 2018 and the records for the cash drawings that has been made by the two partners.

	Aman (RM)	Amin (RM)
Capital Account	15,000	10,000
Current account	2,450	750
Drawing	3,500	2000

Additional information:

- The partners are entitled to interest on their fixed capital at 8% per annum and are charged 5% per annum on their cash drawings.
- Interest on any loans made by partner is allowed at 10% per annum.
- Aman is to receive salary of RM1,500.
- The net profit before distribution calculated for the year ending was RM8,055

**REQUIRED**

- Prepare Profit and Loss Appropriation Account for the year ending 31 December 2018. (5 marks)
- Prepare and balance off the Current Accounts. (8 marks)

**(Total 25 marks)**

**Continued...**

**QUESTION 3**

The following is the trial balance of AMN Berhad as at 31 December 2018:

	Debit (RM)	Credit (RM)
<u>Issued and paid up shares capital:</u>		
200,000 ordinary shares of RM1 each		200,000
50,000 12% preference shares of RM1 each		50,000
Retained profits		20,000
Premises – cost	200,000	
Premises – accumulated depreciation at 1/1/18		60,000
Equipment – cost	100,000	
Equipment – accumulated depreciation at 1/1/18		40,000
Motor vehicles – cost	150,000	
Motor vehicles – accumulated depreciation at 1/1/18		50,000
General reserve		20,000
Trade receivables and payables	116,000	10,000
10% debenture		100,000
Purchases and sales	200,000	400,000
Inventory at 1/1/18	5,000	
Returns	4,000	3,000
Salaries	24,000	
Rent	13,000	
Administrative expenses	20,000	
Distribution expenses	50,000	
Directors' remuneration	60,000	
Debenture interest	8,000	
Interim dividend – ordinary shares	1,000	
Interim dividend – preference shares	2,000	
<b>Total</b>	<b>953,000</b>	<b>953,000</b>

The following additional information is available:

- Inventory at 31 December 2018 was valued at RM30,000.
- The outstanding debenture interest is to be accrued.
- Depreciation is to be provided as follows:
  - Premises at 5% per annum on cost
  - Equipment at 10% per annum on cost
  - Motor vehicles at 20% on reducing balance
- RM1,000 was prepaid for rent at 31 December 2018.

**REQUIRED**

- Prepare Statement of Profit or Loss for the year ending 31<sup>st</sup> December 2018.  
(18 marks)
- Prepare Statement of Changes in Equity for the year ending 31<sup>st</sup> December 2018.  
(7 marks)

**(Total 25 marks)**

**Continued...**

**QUESTION 4****Part A**

For each of the following items, indicate whether it is either a cash inflow or outflow and in which section of the statement of cash flows it would be reported (operating, financing or investing activities).

Item	Inflow or Outflow	Section of the Cash Flow Statement
a) Interest income		
b) Sales of non-current assets		
c) Interim dividend paid		
d) Payment of long term loan		
e) Corporate tax paid		
f) Utilities expense paid		

(12 marks)

**Part B**

The following is the accounting information for Berjaya Sdn Bhd for the year ending 31 December 2018.

	RM
Sales	500,000
Opening inventory	50,000
Closing inventory	70,000
Cost of goods sold	200,000
Net profit	65,000
Current assets	700,000
Current liabilities	550,000
Total assets	1,000,000
Total liabilities	500,000

**REQUIRED**

Calculate the following ratios for 2018. You are required to show all workings.

- a) Gross profit margin (3.5 marks)
- b) Returns on capital employed (3.5 marks)
- c) Stock turnover (3.5 marks)
- d) Acid test ratio (2.5 marks)

(Total 25 marks)

**End of Paper**